

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 DOTE-00 CAB-02 CIAE-00  
COME-00 DODE-00 INR-10 NSAE-00 FAA-00 L-03 /034 R

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DOT:LERICSON

ARA/ECA:JBUMPUS

-----062004 022204Z /64

P 022131Z AUG 78

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, AR

SUBJECT: FAIR COMPETITIVE PRACTICES ACT INVESTIGATION

REF: A) STATE 197904, B) BUENOS AIRES 3231

1. DEPARTMENT APPRECIATES PROMPT EMBASSY RESPONSE TO REF  
A. UNFORTUNATELY, REF B SEEMS TO CONFIRM GROWING USG  
SUSPICION THAT GOA IS UNABLE OR UNWILLING TO SUPPLY DOT  
WITH PROMISED COST INFORMATION ON LANDING FEES AND GROUND  
HANDLING MONOPOLY AT ESEIZA AIRPORT IN BUENOS AIRES.  
AIRPORT COST INFORMATION SUPPLIED TO ICAO WILL NOT BE MADE  
AVAILABLE TO OTHER ICAO MEMBERS UNTIL LATE 1978 AT THE  
EARLIEST, AS GOA IS NO DOUBT AWARE. GOA'S ORIGINAL  
AGREEMENT WAS TO SUPPLY THE ICAO INFORMATION DIRECTLY TO  
USG, ALONG WITH AN ANALYSIS OF THE GROUND HANDLING  
SERVICES PROVIDED BY AEROLINEAS ARGENTINAS (AR).

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2. AS THE EMBASSY IS AWARE, BRANIFF HAS REFUSED TO PAY  
THE 70 PERCENT INCREASE IN HANDLING FEES IMPOSED BY AR  
IN AUGUST 1976, AND ESTIMATES THAT ITS BACK PAYMENTS ARE

IN EXCESS OF 180,000 DOLLARS. BRANIFF SAYS IT IS UNDER  
INCREASING PRESSURE FROM AR TO PAY THE ARREARS, AND FEELS

THAT AR EVENTUALLY MAY REFUSE TO SERVICE ITS FLIGHTS. PAN

AM APPEARS TO HAVE SETTLED ITS DISPUTE WITH AR AND THE GROUND HANDLING PAYMENTS WHICH IT ALSO WAS WITHHOLDING ARE BEING PAID IN FULL, ALTHOUGH PAN AM WOULD PREFER TO HAVE THE OPTION TO SELF-HANDLE.

3. DOT IS IN THE PROCESS OF COMPLETING ITS INVESTIGATION OF THE EZEIZA AIRPORT CHARGES AND SERVICES. AT THIS POINT, IT APPEARS AS IF DOT WILL RECOMMEND THAT THE USG TAKE UNDER ACTION UNDER THE FAIR COMPETITIVE PRACTICES ACT (FCPA).

4. USG WOULD PREFER TO SETTLE THIS ISSUE WITHOUT INVOKING THE FCPA, BUT WE HAVE VIRTUALLY EXHAUSTED THE POSSIBILITY OF PURSUING A SOLUTION TO THIS PROBLEM INFORMALLY. DOT AND THE DEPARTMENT ARE UNDER INCREASING PRESSURE FROM THE CONGRESS AND THE INDUSTRY TO MOVE RAPIDLY ON FCPA CASES. IF WE PROCEED TO ACTION UNDER THE FCPA, ARGENTINA'S AVIATION PRACTICES COULD COME UNDER CLOSE SCRUTINY BY OTHER USG AGENCIES AND CONGRESS.

5. WE WOULD HOPE THAT THE GOA WILL RECONSIDER THE USG PROPOSALS ON AIRPORT FACILITIES AND SERVICES:

(1) AIR CARRIERS SHOULD BE CONSULTED BEFORE USER CHARGES ARE IMPOSED, AND CHARGES SHOULD BE REASONABLY LIMITED OFFICIAL USE

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RELATED TO THE COSTS OF PROVIDING THE SERVICES AND FACILITIES:

(2) THE US CARRIERS SHOULD BE GIVEN THE OPTION OF DOING THEIR OWN GROUND HANDLING OR CHOOSING A GROUND HANDLING AGENT.

NOTE: ALTERNATIVE SUGGESTED BY THE CHAIRMAN OF THE ARGENTINE DELEGATION DURING THE 1977 BILATERAL NEGOTIATIONS THAT AR BE REQUIRED TO USE THE US CARRIERS FOR ITS GROUND HANDLING IN THE U.S. WOULD NOT RELIEVE THE INEQUITABLE CONDITIONS IN ARGENTINA AND IS CONSIDERED BY USG TO BE OF LITTLE REAL VALUE TO BRANIFF OR PAN AM.

6. ACTION REQUESTED: EMBASSY REQUESTED PASS SUBSTANCE THIS MESSAGE TO APPROPRIATE GOA AUTHORITIES. AT MINIMUM, USG NEEDS QUICKLY COST INFORMATION WHICH WAS PROMISED TO US.

UNTIL THE GROUND HANDLING ISSUE IS RESOLVED, EMBASSY SHOULD ALSO SUGGEST TO GOA THAT AR DEMAND FOR PAYMENT OF THE DISPUTED INCREASE IN FEES FROM BRANIFF (AND PAN AM IF THAT CARRIER IS SO INCLINED) BE HELD IN ABEYANCE.

7. COMMENT: WE WOULD HOPE THAT THE GOA IS WILLING TO  
MOVE ON THESE ISSUES. THERE HAS BEEN AMPLE DISCUSSION

THIS MATTER UP TILL NOW WITH NO RESULTS. USG SIMPLY  
WILL NOT TOLERATE CONTINUATION OF CURRENT SITUATION. VANCE

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DATA, AIRPORT FEES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 02 aug 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE195072  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** GGGRIFFITHS.JH  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Message ID:** 70f58a58-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 197904, 78 BUENOS AIRES 3231  
**Retention:** 0  
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**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Status:** NATIVE  
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**TAGS:** EAIR, AR  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014